

Message Text

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16

ORIGIN PM-07

INFO OCT-01 NEA-10 ADP-00 TRSE-00 L-03 DODE-00 SS-15 IGA-02

ABF-01 CIAE-00 INR-10 NSAE-00 RSC-01 NSC-10 OMB-01

AID-20 /081 R

DRAFTED BY NEA/ TUR: NMMURPHY; L/ PM: MR MICHEL: CF

6/15/73 EXT 20304

APPROVED BY PM: TRPICKERING

NEA/ TUR - MR DILLON

PM/ MAS - MR NORLAND

OSD/ ISA/ NESA - CAPT WINEMAN

TREASURY - CIRO DEFALCO

----- 105897

R 152259 Z JUN 73

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

C O N F I D E N T I A L STATE 117630

E. O. 11652: GDS

TAGS: MARR, MASS, AFIN, TU

SUBJ: TEN PERCENT DEPOSIT REQUIREMENT

REF: A. ANKARA 4615. B. STATE 104543

1. THE DOLS. 100 MILLION LOCAL CURRENCY PROVISION OF SECTION 614(A) CANNOT BE CONSIDERED AS ALTERNATIVE SOLUTION (REF A, PARA 4) BECAUSE IT IS NOT EXCEPTED FROM, OR IN ADDITION TO, THE DOLS. 50 MILLION ANNUAL COUNTRY CEILING DESCRIBED LATER IN SAME SECTION. FURTHERMORE, SECTION 614(A) IS A WAIVER PROVISION FOR USE IN GRANTING DEFENSE ITEMS RATHER THAN A SUBSTANTIVE PROVISION AUTHORIZING THE GRANTING OF LOCAL CURRENCY. DOES EMBASSY NOW SEE A LEGAL BASIS FOR SUCH LOCAL CURRENCY GRANT OTHER THAN SECTION 614(A) ?

2. WE SEE PRACTICAL DIFFICULTIES WITH YOUR DEBT REPAYMENT
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SUGGESTION BECAUSE OF SIZE OF PREPAYMENTS WHICH WOULD BE REQUIRED. THEREFORE, IN ORDER ASSIST MAKING DECISION WHETHER AUTHORIZE APPROACH TO TURKS, DEPARTMENT WOULD LIKE TO HAVE LATEST ESTIMATE OF (A) US LIRA REQUIREMENTS, AND (B) GOT DEBTS SUSCEPTIBLE TO EARLY REPAYMENT. FYI: WE ARE HESITANT TO EXPLORE THIS SUBJECT WITH THE GOT FOR FEAR IT MIGHT ENCOURAGE GOT TO BEGIN ITS OWN EXAMINATION OF THE FOREIGN ASSISTANCE ACT IN SEARCH OF POSSIBLE LOOPHOLES TO AVOID THE TEN PERCENT DEPOSIT REQUIREMENT.

IN SO DOING THEY MAY SEIZE ON BASE RIGHTS EXEMPTION WHICH WE WANT TO AVOID (REF B). END FYI.

3. ALSO REQUEST EMBASSY EVALUATION OF WHETHER SECTION 514 EXPLICITLY LINKS DEPOSIT REQUIREMENT AND US LIRA EXPENDITURES IN TURKEY AND WHETHER THIS MIGHT NOT LEAD TURKS TO CONCLUDE THEY HAVE A VESTED INTEREST IN LIMITING US LIRA EXPENDITURES IN TURKEY. FYI: WE ARE CONCERNED THAT THIS COULD BE REFLECTED IN SPECIFIC ACTIONS SUCH REFUSAL OF PERMISSION FOR CONSTRUCTION AT CDI' S OR OTHER ACTIONS INHIBITING US ACTIVITIES. END FYI. ROGERS

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NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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